

Before the
FEDERAL COMMUNICATIONS COMMISSION
 Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)

Changes to the Board of)
 Directors of the National Exchange)
 Carrier Association, Inc.)

CC Docket No. 97-21

COMMENTS OF WORLDCOM

WorldCom, Inc. ("WorldCom") hereby files its comments in response to the Further Notice of Proposed Rulemaking released by the Commission on August 15, 1997 in the above-captioned proceeding.¹

I. INTRODUCTION AND SUMMARY

The National Exchange Carrier Association ("NECA") currently administers the existing universal service high cost fund, the Lifeline Assistance program, and the long term support program. At present, NECA has an exclusive membership comprised solely of incumbent local exchange carriers ("ILECs"), and its fifteen member Board of Directors is controlled exclusively by its ILEC membership.

In its July 18th decision in this proceeding, the Commission appointed NECA to serve as temporary administrator of the new federal universal service support mechanisms,

¹ Changes to the Board of Directors of the National Exchange Carrier Association, Inc., CC Docket No. 97-21, Order on Reconsideration, Second Report and Order, and Further Notice of Proposed Rulemaking, FCC 97-292, released August 15, 1997 ("Further USAC Order and Notice").

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subject to various significant changes in its governance.² The Commission directed NECA to create an independent, not-for-profit subsidiary, to be known as the Universal Service Administrative Company ("USAC"), which is required to include broad representation of various industry and non-industry interests. The Commission also directed USAC to establish a committee with delegated powers in order to administer the universal service support mechanisms for high cost areas and low-income consumers.

On August 15, 1997, the Commission issued its Further USAC Order and Notice. Among other decisions, the Commission stated that, given the press of time, it was "imperative that NECA be authorized immediately to distribute the [Universal Service] Worksheets to all potential contributors."³ The Commission also found that USAC's ability to meet the FCC's target implementation date of January 1, 1998 "may be jeopardized unless NECA begins work immediately on establishing the systems that are necessary to process the revenue information" from the Worksheets.⁴ The Commission asked for comments on its proposal to amend its rules to allow USAC, and also "NECA, to the extent it is acting on behalf of USAC," to access TRS Fund data to verify revenue information provided by contributors via the Worksheets.⁵

² Changes to the Board of Directors of the National Exchange Carrier Association, Inc., CC Docket No. 97-21, Report and Order and Second Order on Reconsideration, FCC 97-253, released July 18, 1997 ("NECA USAC Order").

³ Further USAC Order and Notice at para. 8.

⁴ Id. at para. 9.

⁵ Id. at para. 23.

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Given the significant threat of discriminatory and biased conduct by NECA during the period of time prior to USAC's assumption of its official duties, WorldCom recommends that the Commission amend its rules to establish a strict and enforceable deadline for the actual commencement of activities by the independent USAC Board. WorldCom urges that this deadline occur as soon as possible, and no later than November 1, 1997, with NECA allowed to provide USAC with direct assistance as necessary for a short transition period ending no later than December 31, 1997.

II. THE COMMISSION MUST ENSURE THAT ANY INTERIM AUTHORITY GRANTED TO NECA IS TRULY SHORT-TERM AND GOVERNED BY A STRICT AND ENFORCEABLE TIMELINE

Although WorldCom did not support NECA's bid to serve as temporary administrator of the federal universal service support mechanisms, WorldCom generally approves of the Commission's structural changes that are designed to diminish, if not eliminate, the significant incentives for pro-ILEC bias and discrimination that lay at the heart of WorldCom's concerns. WorldCom urges the Commission to monitor closely NECA's commitment to creating a competitively neutral USAC affiliate, as well as its acceptance of all FCC mandates. The Commission should ensure that NECA endeavors to create all necessary transition mechanisms that will enable an independent USAC to focus on the challenges of undertaking administration of the new universal service programs.

WorldCom well understands that, in order for USAC to meet the January 1, 1998

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target implementation deadline set by the Commission, NECA, as it is currently constituted, must undertake certain preliminary work. These tasks likely include distributing the Universal Service Worksheets and beginning to establish the systems to process the revenue information provided on the Worksheets.⁶ While WorldCom understands the need for the current NECA to begin establishing these types of processes, WorldCom remains deeply concerned that the mere commencement of tasks not lead to the continuation, modification, expansion, and even conclusion of those tasks. The Commission rightly determined that the sensitive work of temporary administrator of universal service must be given to an independent USAC, and not remain with an unreconstituted NECA. As a result, WorldCom urges the Commission to set a strict and enforceable deadline for the actual commencement of activities by the independent USAC Board. While this is not to suggest that NECA should be absolved from providing any additional transition effort beyond that date, it will create a bright-line that delineates when USAC must take on the ultimate responsibility that has been assigned by the Commission.

Further, WorldCom urges that its proposed deadline occur as soon as possible, and no later than **November 1, 1997**. By that date, a fully functioning USAC Board should be deemed responsible for all related universal service activities. NECA could be allowed to provide as much active, direct assistance as necessary for a short transition period ending no later than **December 31, 1997**.

WorldCom understands that it is not up to NECA alone to create the USAC

⁶ Further USAC Order and Notice at paras. 8-9.

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Board. However, the Commission has already done its part to allow for a speedy start-up for USAC. Just this week, less than a month after nominations were received, Chairman Hundt officially named the members of the Board of Directors of the three corporations charged with implementing the federal universal service support mechanisms, including the USAC Board of Directors.⁷ Further, pursuant to the Commission's NECA USAC Order, the USAC Board has already been directed to hold its first meeting in Washington, D.C. by September 23; a final date and time will be announced shortly.⁸

Now that the Commission has acted on an expedited basis, NECA must take responsibility to undertake the appropriate activities and provide the appropriate materials for the mandated transition. Unless an express deadline exists for an formal assumption of duties by an independent USAC Board, however, this mandate may well get lost in the midst of other efforts directed toward meeting the Commission's January 1 target implementation date. The timeliness with which NECA helps to meet that deadline by preparing the way for a fully functioning USAC Board will reflect well on NECA's overall responsiveness to the Commission's short and long-term goal of competitive neutrality.

⁷ FCC News, "Chairman Hundt Names Members To Universal Service Boards," September 9, 1997.

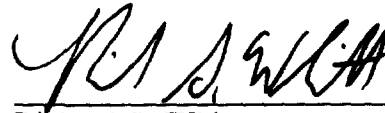
⁸ Id. at 3.

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III. CONCLUSION

The Commission should amend its rules in a manner consistent with the recommendations proposed above by WorldCom.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R. S. Whitt", is written over a horizontal line.

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CERTIFICATE OF SERVICE

I, Richard S. Whitt, hereby certify that I have this 11th day of September, 1997, sent a copy of the foregoing "Comments of WorldCom" by hand delivery to the following:

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